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3 May 1984

MEMORANDUM FOR: Director of Central Intelligence

FROM: SA/DCI/IA

SUBJECT: Luncheon Meeting with Secretary Shultz and
Deputy Secretary Dam, 4 May 1984

1. You are scheduled to have lunch Friday at noon with Secretary Shultz and Deputy Secretary Dam at the State Department. The Secretary will probably want to tell you about his recent trip to China and Japan and also is likely to want to chat about relations with Congress on the subject of Central America. State has put only a single item on the formal agenda:

- State Budget Problems. State is apparently in danger of having their budget slashed and losing 146 new positions that they were expecting to gain for next year. One hundred and ten of the slots were for overseas "reporting officers" and the remaining 36 were for INR. The Secretary will ask your assistance in arguing the need to retain the funds for these positions and he will make the case that 146 additional bodies--most of them overseas--will mean a great deal of additional reporting on activities around the world. He intends to hand you a letter to this effect which he hopes you will send to the House Appropriations Subcommittee on Commerce, Justice, State, etc. A short background paragraph prepared by the IC Staff on this issue is at TAB A. Also at this TAB is the note Secretary Shultz will give to you as well as the talking points State has prepared for the Secretary.

2. There were no suggested items for the agenda from our people.

3. I have included at TAB B the minutes of last week's SIG(I) meeting in the expectation that you may want to review with the Secretary the results of that meeting with respect to the reciprocity issue.

4. At TAB C is Clair George's memo concerning the proposed agreement on revised SSCI covert action reporting procedures. (I've included this in case your discussions with SecState on our relations with the Hill, regarding Central America, move in this direction.)

5. If I can do more to help in preparation for this meeting, please call.



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cc: EA/DDCI

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Item for DCI/Secretary of State Meeting

The Secretary of State plans to request the Intelligence Community to support State's 1984 supplemental budget request for 146 new positions--including 110 overseas "reporting officers" and 36 INR officers. Thus, of these positions 110 will be under Foreign Service--and 36 under NFIP. The 110 reporting officers will be located in U.S. embassies and consulates overseas. Their primary duty will be the overt reporting of events in the countries in which they are stationed. Their reporting will concentrate on political topics, although some economic reports are anticipated, and will be used to support normal State activities as well as NFIP through State/INR. The positions will all be filled through new hires.

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REPORTING AND ANALYSIS

We need the CIA's support for our budget request for our reporting and analysis program. We have requested 146 additional reporting and analysis positions in a FY-1984 supplemental appropriation request. Thirty-six of these are for INR. This request is in trouble in our Appropriations Subcommittee because it is not understood on the Hill that reporting and analysis is one of our central functions, and that we are the largest single source of human intelligence for the entire USG.

We need the CIA's help in convincing the Hill that the Department's reporting and analysis effort is as important as we claim. We need this help immediately because our House Appropriations Subcommittee may mark up next week. A letter from the DCI to the Chairmen and Ranking Members of our Appropriations Subcommittees would be the most useful form this help could take at present. The House Appropriations Subcommittee has specifically asked us to obtain the CIA's views for them. A draft letter is attached.

Points to be Made

- Department's reporting and analysis supplemental appropriations request is in trouble on the Hill.
- Problem is that the Hill does not understand the importance of State's reporting and analysis.
- We need CIA's help in getting that message across immediately because our House Appropriations subcommittee is thinking of marking our bill up next week.
- The most useful thing the CIA could do right now would be to send our Appropriations Subcommittee Chairmen (Sen. Laxalt and Rep. Neal Smith) and ranking members (Senator Hollings and Rep. George O'Brien) a letter stressing the importance of State reporting and analysis and support for the additional positions we have requested on the grounds that they were selected in consultation with the CIA on the basis of specific requirements for additional reporting and analysis.

10/1/84: M:DNK:adn
9/1/84 632-8877

10/1/84: M/MO:WAD:free

State Paper

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Mr. Neal Smith, Chairman
Subcommittee on Commerce, Justice, State,
the Judiciary and Related Agencies
Committee on Appropriations Committee
United States House of Representatives
Washington, D.C. 20515

Dear Mr. Chairman;

I want to express my strong support for the Department of State's efforts to strengthen its reporting and analysis capabilities and to urge your favorable consideration of the Department of State's FY 1984 Reporting and Analysis Supplemental request as well as the Reporting and Analysis positions in State's FY 1985 budget.

The overt reporting done by Foreign Service Officers is an important and integral part of the Intelligence Community's overall efforts to obtain accurate and timely intelligence and analyses. In fact, CIA's annual source surveys show State as the No. 1 source for Agency analyses over the past five fiscal years.

Secretary's Letter